

BOYNE FALLS PUBLIC SCHOOL  
BOYNE FALLS, MICHIGAN  
FINANCIAL STATEMENTS  
JUNE 30, 2008

BOYNE FALLS PUBLIC SCHOOL

JUNE 30, 2008

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BOYNE FALLS PUBLIC SCHOOL

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Robert J. Carpenter, CPA  
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### INDEPENDENT AUDITOR'S REPORT

Board of Education  
Boyne Falls Public School  
Boyne Falls, MI 49713

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Boyne Falls Public School as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Boyne Falls Public School, as of June 30, 2008, and the respective changes in financial position, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2008 on our consideration of Boyne Falls Public School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Board of Education  
Boyne Falls Public School  
Boyne Falls, MI 49713

The administration's discussion and analysis and budgetary comparison information on pages 3 through 8 and page 25 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise Boyne Falls Public School's basic financial statements. The accompanying other pages of supplementary information, as identified in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Those schedules and statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Robertson & Carpenter CPAs, P.C.  
Certified Public Accountants  
September 11, 2008

## Management's Discussion and Analysis

As management of the Boyne Falls Public School (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2008.

### Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$1,271,483 (*net assets*). Of this amount, \$398,348 (*unrestricted net assets*) may be used to meet the District's ongoing obligations, \$456,234 is restricted for debt service.
- The District's total net assets increased by \$70,277.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$910,374, an increase of \$59,801 in comparison with the prior year. Approximately 50%, or \$451,813, is *available for spending* at the District's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$420,352 or 15 % percent of total general fund expenditures.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) District-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**District-wide financial statements.** The *District-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused sick or vacation leave).

Both of the District-wide financial statements present functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the District include instruction, support services, food service, athletics and community service. The District has no business-type activities as of and for the year ended June 30, 2008.

The government-wide financial statements can be found on pages 9-10 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the District-wide financial statements. However, unlike the District-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the District-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the District-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general and debt service funds. Data from the other three non-governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The District adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided for the general fund herein to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found on pages 11-12 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are *not* reflected in the District-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 14 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15-24 of this report.

**Other information.** The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. Combining fund statements and schedules can be found on pages 26-27 of this report.

## District-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded its liabilities by \$1,271,483 at the close of the most recent fiscal year.

A portion of the District's net assets, \$416,901, reflects its investment in capital assets (e.g., land, buildings, vehicles, and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to the students it serves; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### District's Net Assets

#### Governmental Activities

	<u>2007-2008</u>	<u>2006-2007</u>
<b>Assets</b>		
Current and Other Assets	\$ 1,301,965	\$ 1,178,205
Capital Assets, Net	<u>8,090,192</u>	<u>8,365,834</u>
Total Assets	<u>9,392,157</u>	<u>9,544,039</u>
<b>Liabilities</b>		
Long Term Liabilities Outstanding	7,357,701	7,671,303
Other Liabilities	<u>762,973</u>	<u>671,530</u>
Total Liabilities	<u>8,120,674</u>	<u>8,342,833</u>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt	416,901	404,366
Restricted	456,234	423,876
Unrestricted	<u>398,348</u>	<u>372,964</u>
<b>Total Net Assets</b>	<b>\$ <u>1,271,483</u></b>	<b>\$ <u>1,201,206</u></b>



An additional portion of the District's net assets (36%) represents resources that are subject to external restrictions on how they may be used. The remaining balance is *unrestricted net assets*, \$398,348.

The District's net assets increased by \$70,277 during the current fiscal year. Most of this increase is attributable to an increase in property tax revenue. The District's blended enrollment was approximately 304 students.

District's Changes in Net Assets							
Governmental Activities							
					2007-2008		2006-2007
Revenue							
Program Revenue							
	Charges for Services			\$	74,638	\$	75,996
	Operating Grants and Contributions				275,172		251,264
General Revenue:							
	Property Taxes				3,041,604		3,097,643
	State School Aid				38,008		55,964
	Other				223,057		273,161
Total Revenue					3,652,479		3,754,028
Expenses							
Instruction					1,677,840		1,683,955
Support Services					1,104,610		1,053,660
Food Service					141,678		119,542
Athletics					42,434		43,611
Amortization - Bond Refunding Costs					1,988		1,987
Depreciation - unallocated					286,797		286,796
Interest on Long Term Debt					326,855		365,610
Total Expenses					3,582,202		3,555,161
Increase (Decrease) in Net Assets					70,277		198,867
Net Assets, Beginning of Year					1,201,206		1,002,339
Net Assets, End of Year				\$	1,271,483	\$	1,201,206

**Governmental activities.** Governmental activities increased the District's net assets \$70,277.

### Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental funds.* The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$910,374, an increase of \$59,801 in comparison with the prior year. Approximately 50% of this total amount (\$451,813) constitutes *unreserved fund balance*, which is available for spending at the District's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because the underlying assets are included in debt retirement and are not available for current expenditure.

The general fund is the principal operating fund of the District. At the end of the current fiscal year, unreserved fund balance of the general fund was \$420,352. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance and total fund balance each represent approximately 15 percent of total general fund expenditures.

The fund balance of the District's general fund increased by \$ 23,100 during the current fiscal year. This increase is primarily do to increasing property tax revenue.

The food service fund has a total fund balance of \$ 33,788 , which increased by \$4,343 this year.

### General Fund Budgetary Highlights

Differences between the original and final amended budgets were relatively minor, with expenses only adjusting 4% in total from beginning to final. The excess of revenues over expenditures budgetary figure was less than the actual results by \$15,992 for the General Fund. As additional information became known during the fiscal year, budget amendments were made to recognize the increase in revenue and/or planned expenditures related to various District programs.

**Capital assets.** The District's investment in capital assets for its governmental activities as of June 30, 2008, amounted to \$8,090,192 (net of accumulated depreciation). Investment in capital assets includes land, land improvements, buildings, vehicles and equipment.

The major capital asset event during the current fiscal year was the purchase of equipment.

#### District's Capital Assets (net of depreciation)

	<u>2007-2008</u>	<u>2006-2007</u>
Land	\$ 5,000	\$ 5,000
Land Improvement	387,495	415,817
Buildings	6,805,256	6,957,487
Vehicles	114,787	132,678
Equipment	<u>777,654</u>	<u>854,852</u>
<b>Total</b>	<b>\$ <u>8,090,192</u></b>	<b>\$ <u>8,365,834</u></b>

Additional information on the District's capital assets can be found in note 5 on page 21 of this report.

**Long-term debt.** The district currently has a 1999 Bond issue with an outstanding balance of \$215,000 in bonds, a 2004 Bond issue with an outstanding balance of \$2,420,000 in bonds and a 2007 Bond issue (refunding of a portion of the 1999 Bond issue) with an outstanding balance of \$5,095,000.

### **Factors Bearing on the District's Future**

The following factors were considered in preparing the District's budget for the 2008-2009 fiscal year:

- Due to significant increases in the Boyne Falls Public School District's non-homestead taxable values, the District became an out of formula district with the State of Michigan. The district is no longer dependant on the State of Michigan to provide per pupil funding, as this will all be collected from the local non-homestead millage. The future revenue growth for the district will be dependant solely on the increasing non-homestead property values within the district which have shown and are forecasted to continue with positive growth.
- With the increased costs of utilities, health insurance and other contractual obligations the district has adopted a budget projecting a small surplus anticipating that the increased costs will be covered by increased revenues for the upcoming school year.
- Operating as an out of formula district allows the Boyne Falls School the opportunity to utilize it's facilities and schools of choice program to the maximum benefit of the district's students without facing funding implications from the State of Michigan School Aid Fund.

### **Requests for Information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Boyne Falls Public School  
Superintendent's Office  
P.O. Box 356  
Boyne Falls, MI 49713

BOYNE FALLS PUBLIC SCHOOL  
BASIC FINANCIAL STATEMENTS

BOYNE FALLS PUBLIC SCHOOL  
DISTRICT WIDE - STATEMENT OF NET ASSETS  
JUNE 30, 2008

<u>ASSETS</u>	Governmental Activities
Current Assets	
Cash and investments (Note 3)	\$ 1,255,058
Accounts receivable (Note 4)	20,894
Due from governmental units (Note 4)	23,686
Inventory	2,327
Total current assets	<u>1,301,965</u>
Noncurrent Assets	
Capital assets (Note 5)	9,830,825
Less: accumulated depreciation	<u>(1,740,633)</u>
Total non current assets	<u>8,090,192</u>
Total assets	<u>\$ 9,392,157</u>
<u>LIABILITIES AND NET ASSETS</u>	
Current Liabilities	
Accounts payable	\$ 53,791
Salaries payable	304,200
Accrued interest	55,792
Deferred revenue (Note 4)	33,600
Bonds payable, Due within one year (Note 7)	305,000
Installment purchases, Due within one year (Note 7)	10,590
Total current liabilities	<u>762,973</u>
Noncurrent Liabilities	
Bonds payable (Note 7)	7,323,200
Installment purchase	34,501
Total noncurrent liabilities	<u>7,357,701</u>
Total Liabilities	<u>8,120,674</u>
Net Assets	
Invested in capital assets, net of related debt	416,901
Restricted for debt service	456,234
Unrestricted	398,348
Total Net Assets	<u>1,271,483</u>
Total Liabilities and Net Assets	<u>\$ 9,392,157</u>

See accompanying notes

BOYNE FALLS PUBLIC SCHOOL  
DISTRICT WIDE - STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2008

Functions/programs	Expenses	Program Revenues		Governmental
		Charges for	Operating	Activities
		Services	Grants	Net (Expense)
				Revenue and
				Changes in
				Net Assets
<b>Governmental Activities</b>				
Instruction	\$ 1,677,840	\$ 1,854	\$ 179,933	\$ (1,496,053)
Support services	1,104,610	10,777	714	(1,093,119)
Food services	141,678	51,363	94,525	4,210
Athletics	42,434	10,644	-	(31,790)
Interest on long term debt	326,855	-	-	(326,855)
Amortization - bond				
refunding costs	1,988	-	-	(1,988)
Depreciation - unallocated	286,797	-	-	(286,797)
<b>Total Governmental</b>				
<b>Activities</b>	<u>\$ 3,582,202</u>	<u>\$ 74,638</u>	<u>\$ 275,172</u>	<u>(3,232,392)</u>
<b>General Revenues</b>				
Taxes				
Property taxes, levied for general operations				2,411,696
Property taxes, levied for debt service				629,908
State of Michigan aid, unrestricted				38,008
Interest and investment earnings				36,634
Other				186,423
<b>Total General Revenues</b>				<u>3,302,669</u>
<b>Change in Net Assets</b>				70,277
Net assets - beginning of year				<u>1,201,206</u>
Net assets - end of year				<u>\$ 1,271,483</u>

See accompanying notes

BOYNE FALLS PUBLIC SCHOOL  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2008

	GENERAL	1999 DEBT SERVICE	2004 DEBT SERVICE	2007 DEBT SERVICE
<u>ASSETS</u>				
Cash and investments	\$ 757,845	\$ 160,497	\$ 150,730	\$ 145,007
Accounts receivable	20,894	-	-	-
Due from other governmental units	22,706	-	-	-
Due from other funds	10,498	-	-	-
Inventory	-	-	-	-
Total Assets	<u>\$ 811,943</u>	<u>\$ 160,497</u>	<u>\$ 150,730</u>	<u>\$ 145,007</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES:</u>				
Accounts payable	\$ 53,791	\$ -	\$ -	\$ -
Accrued salaries and withholdings	304,200	-	-	-
Deferred revenue	33,600	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	<u>391,591</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCES:</u>				
Reserved for debt retirement	-	160,497	150,730	145,007
Reserved for inventory	-	-	-	-
Unreserved and undesignated:				
General	420,352	-	-	-
Food Service	-	-	-	-
Total Fund Balances	<u>420,352</u>	<u>160,497</u>	<u>150,730</u>	<u>145,007</u>
Total Liabilities and Fund Balances	<u>\$ 811,943</u>	<u>\$ 160,497</u>	<u>\$ 150,730</u>	<u>\$ 145,007</u>

Total Governmental Fund Balances	\$ 910,374
Elimination of due to and due from governmental funds	
Due to	10,498
Due from	(10,498)
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial financial resources, and are not reported in the funds.	
The cost of capital assets is	\$ 9,830,825
Accumulated depreciation is	<u>(1,740,633)</u>
	8,090,192
Long term liabilities are not due and payable in the current period and are not reported in the fund	
Bonds payable	(7,673,291)
Accrued interest is not included as a liability in governmental funds	(55,792)
Net Assets of Governmental Activities	<u>\$ 1,271,483</u>

See accompanying notes

OTHER NONMAJOR GOVERNMENTAL FUNDS		TOTALS
\$	40,979	\$ 1,255,058
	-	20,894
	980	23,686
	-	10,498
	<u>2,327</u>	<u>2,327</u>
\$	<u>44,286</u>	\$ <u>1,312,463</u>

\$	-	\$ 53,791
	-	304,200
	-	33,600
	<u>10,498</u>	<u>10,498</u>
	<u>10,498</u>	<u>402,089</u>

	-	456,234
	2,327	2,327
		-
	-	420,352
	<u>31,461</u>	<u>31,461</u>
	<u>33,788</u>	<u>910,374</u>

\$	<u>44,286</u>	\$ <u>1,312,463</u>
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BOYNE FALLS PUBLIC SCHOOL  
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2008

	GENERAL	1999 DEBT SERVICE	2004 DEBT SERVICE	2007 DEBT SERVICE
Local sources	\$ 2,456,600	\$ 219,987	\$ 172,292	\$ 245,721
State sources	137,664	-	-	-
Federal sources	80,991	-	-	-
Interdistrict sources	182,488	-	-	-
Total Revenues	<u>2,857,743</u>	<u>219,987</u>	<u>172,292</u>	<u>245,721</u>
EXPENDITURES:				
Current:				
Instruction	1,677,840	-	-	-
Support services	1,100,618	-	-	-
Debt service	-	218,481	184,481	200,714
Capital outlay	11,155	-	-	-
Intergovernmental payments	836	1,367	599	-
Total Expenditures	<u>2,790,449</u>	<u>219,848</u>	<u>185,080</u>	<u>200,714</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>67,294</u>	<u>139</u>	<u>(12,788)</u>	<u>45,007</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in (out)	(31,719)	(100,000)	-	100,000
Loan payments	(12,475)	-	-	-
Total Other Financing Sources (Uses)	<u>(44,194)</u>	<u>(100,000)</u>	<u>-</u>	<u>100,000</u>
NET CHANGES IN FUND BALANCES	23,100	(99,861)	(12,788)	145,007
FUND BALANCES - Beginning of year	<u>397,252</u>	<u>260,358</u>	<u>163,518</u>	<u>-</u>
FUND BALANCES - End of year	<u>\$ 420,352</u>	<u>\$ 160,497</u>	<u>\$ 150,730</u>	<u>\$ 145,007</u>

See accompanying notes

OTHER NONMAJOR GOVERNMENTAL FUNDS		TOTALS
\$	62,211	\$ 3,156,811
	5,095	142,759
	89,430	170,421
	-	182,488
	<u>156,736</u>	<u>3,652,479</u>

-	1,677,840
184,112	1,284,730
-	603,676
-	11,155
-	2,802
<u>184,112</u>	<u>3,580,203</u>

<u>(27,376)</u>	<u>72,276</u>
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31,719	-
<u>-</u>	<u>(12,475)</u>

<u>31,719</u>	<u>(12,475)</u>
---------------	-----------------

4,343	59,801
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<u>29,445</u>	<u>850,573</u>
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\$ <u><u>33,788</u></u>	\$ <u><u>910,374</u></u>
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BOYNE FALLS PUBLIC SCHOOL  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2008

Net Change in Fund Balances - Total Governmental Funds	\$	59,801
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Amounts reported for governmental activities are different because:

Government funds report capital outlays as expenditures;  
in the statement of activities these costs are allocated  
over their estimated useful lives as depreciation.

Depreciation expense	\$	(286,797)	
Capital Outlay		<u>11,155</u>	
			(275,642)

Accrued interest is recorded in the statement of activities when incurred; it is not reported in governmental fund until paid		(2,059)
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Repayments of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)		<u>288,177</u>
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Change in Net Assets of Governmental Activities	\$	<u><u>70,277</u></u>
---	----	----------------------

See accompanying notes

BOYNE FALLS PUBLIC SCHOOL  
FIDUCIARY FUND  
STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2008

	<u>2008</u>
<u>ASSETS</u>	
Cash	\$ 68,544
Due from other funds	<u>-</u>
Total Assets	<u><u>\$ 68,544</u></u>
 <u>LIABILITIES</u>	
Due to other funds	\$ -
Deposits held for others	<u>68,544</u>
Total Liabilities	<u><u>\$ 68,544</u></u>

See accompanying notes

BOYNE FALLS PUBLIC SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Boyne Falls Public School ("the District") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the more significant policies used by the District:

REPORTING ENTITY

The District is governed by an elected seven member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board (GASB) for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the District's reporting entity, and which organizations are legally separate, component units of the school district. Based on the application criteria, the District does not contain any component units.

DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

The district-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the District's government wide activities are considered governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a certain function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported a separate columns in the fund financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

District-Wide Statements - The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year in which they are levied. Grants, categorical aid and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

(Continued)

BOYNE FALLS PUBLIC SCHOOL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION  
(continued)

Fund Based Statements - Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and severance pay, are recorded only when payment is due.

Property taxes, unrestricted state aid, intergovernmental grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when the cash is received by the District.

The fiduciary fund statement is also reported using the economic resources measurement focus and the accrual basis of accounting.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the district, except those required to be accounted for in another fund.

The 1999 Debt Service Fund is used to record tax, interest, and other revenue for payment of principal, interest and other expenditures of the 1999 bond issue.

The 2004 Debt Service Fund is used to record tax, interest, and other revenue for payment of principal, interest and other expenditures of the 2004 bond issue.

The 2007 Debt Service Fund is used to record tax, interest, and other revenue for payment of principal, interest and other expenditures of the 2007 bond issue.

Additionally, the District reports the following fund types:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

The School Service Funds are Special Revenue Funds that segregate, for administrative purposes, the transactions of a particular activity from regular revenue and expenditure accounts. The District maintains full control of these funds. The School Service Funds maintained by the District are the Food Service and Athletic Fund.

Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent. Fiduciary Fund net assets and results of operations are not included in the government-wide statements. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

(Continued)

BOYNE FALLS PUBLIC SCHOOL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District maintains a Student Activities Fund to record the transactions of student and parent groups school-related purposes. The funds are segregated and held in trust for the students and parents.

ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between fund that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds."

Property tax and other trade receivable are shown net of an allowance for uncollectible amounts. The taxpayers of the District have their properties assessed as of December 31 and the related property taxes are levied and become a lien on December 1 for 100% of the taxes which are due February 28. The 2007 taxable value of the District was \$36,587,780 homestead and \$133,945,027 non-homestead. The District levied 18.00 mills for operating purposes on non-homestead and 3.65 mills for debt service on all property for 2007.

The State of Michigan utilized a foundation allowance approach, which provides for a specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is funded from a combination of state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The state portion of the foundation is provided from the state's School Aid Fund and is recognized as revenue in accordance with state law and accounting principles generally accepted in the United States of America.

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain categorical funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received, which are not expended by the close of the fiscal year are recorded as deferred revenue. Other categorical funding is recognized when the appropriation is received.

Inventories and Prepaid items - Inventories are valued at cost, on a first-in, first-out basis. Inventory is maintained in the Special Revenue Fund (Food Service Fund). Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets - Capital assets, which include land, buildings, equipment, and vehicles are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the District as assets with an individual cost of more than \$2,000 and an estimated useful life in excess of 1 year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend the asset life are not capitalized. The District does not have infrastructure type assets.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	20-50 years
Buses and other vehicles	10 years
Furniture and other equipment	10-20 years

(Continued)

BOYNE FALLS PUBLIC SCHOOL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES AND NET ASSETS OR EQUITY (continued)

Compensated Absences - There is no liability for compensated absences reported in the government-wide statements as the terms of the negotiated contracts do not provide for such allowances. Vacation days are required to be used annually with no carryovers allowed. Sick pay and vacation pay are recognized in the financial statements when paid.

Long-term Obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs are reported as other bond expenditures.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriating or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Comparative Data/Reclassifications - Comparative data is not included in the District's financial statements.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted account principles and state law for the general and special revenue funds. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the district to have its budget in place by July 1. Expenditures in excess of amounts budgeted is a violation of Michigan Law. State law permits districts to amend its budgets during the year. During the year the budgets were amended in a legally permissible manner. There were no significant amendments during the year.

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until the receipt of materials or services. For budgetary purposes, appropriations lapse at fiscal year end and outstanding encumbrances are reappropriated in the next year.

(Continued)



BOYNE FALLS PUBLIC SCHOOL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2008

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

Budgetary Information - (continued)

Excess of Expenditures Over Appropriations in Budgeted Funds - The District incurred expenditure variances as follows:

<u>Fund and Function</u>	<u>Appropriation</u>	<u>Expenditure</u>	<u>Variance</u>
General:			
Support services:			
Other	\$ -	\$ 21,229	\$ 21,229

NOTE 3 - DEPOSITS AND INVESTMENTS

At year-end the District's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>District Total</u>
Cash and investments	\$ 1,254,808	\$ 68,544	\$ 1,323,352
Total	<u>\$ 1,254,808</u>	<u>\$ 68,544</u>	<u>\$ 1,323,352</u>

The breakdown between deposits and investments for the District is as follows:

Deposits (checking, savings)	\$ 878,541
Investments (Michigan Liquid Asset Fund)	444,811
	<u>\$ 1,323,352</u>

The total of cash and investments on the Statement of Net Assets includes petty cash of \$250.

As of June 30, 2008 the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Investment pool	\$ <u>444,811</u>	<u>31 days</u>

Interest rate risk

In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; investing operating funds primarily in shorter term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

Credit risk

State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2008 the District did not have any investments in commercial paper or corporate bonds.

Concentration of credit risk

The District will minimize the concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. At June 30, 2008 the District's investments were in a pooled investment fund.

(Continued)

BOYNE FALLS PUBLIC SCHOOL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2008

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

Custodial credit risk - deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. At June 30, 2008, \$759,059 of the District's bank balance of \$878,541 was exposed to custodial risk because it was uninsured.

Custodial credit risk - investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District did not have any custodial credit risk on its investments at June 30, 2008. The District will minimize custodial credit risk, which is the loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and by pre-qualifying the financial institutions, brokers/dealers, intermediaries and advisors with which the District will do business.

Foreign currency risk

The District is not authorized to invest in investments which have this type of risk.

NOTE 4 - RECEIVABLES

Receivables as of year-end for the District's individual major funds and the nonmajor and fiduciary funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	General Fund	1999 Debt Service Fund	2004 Debt Service Fund	2007 Debt Service Fund	Nonmajor and Other Funds	Total
Receivables:						
Accounts receivable	\$ 20,894	\$ -	\$ -	\$ -	\$ -	\$ 20,894
Intergovernmental	22,706	-	-	-	980	23,686
Total receivables	<u>\$ 43,600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 980</u>	<u>\$ 44,580</u>

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Unavailable	Unearned
Grants and categorical aid payment not considered available	\$ -	\$ 9,259
Payments received prior to meeting all eligibility requirements:		
Vocational education millage		24,341
Totals	<u>\$ -</u>	<u>\$ 33,600</u>
Total deferred revenue		<u>\$ 33,600</u>

(Continued)

BOYNE FALLS PUBLIC SCHOOL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2008

NOTE 5 - CAPITAL ASSETS

Capital asset activity of the District's Governmental activities were as follows:

<u>Assets</u>	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Capital assets not being depreciated:				
Land	\$ 5,000	\$ -	\$ -	\$ 5,000
Subtotal	5,000	-	-	5,000
Capital assets being depreciated:				
Land improvements	566,432	-	-	566,432
Buildings & improvements	7,611,564	-	-	7,611,564
Buses	318,320	-	-	318,320
Furniture & equipment	1,318,354	11,155	-	1,329,509
Subtotal	9,814,670	11,155	-	9,825,825
<u>Accumulated Depreciation</u>				
Land improvements	150,615	28,322	-	178,937
Buildings & improvements	654,077	152,231	-	806,308
Buses	185,642	17,891	-	203,533
Furniture & equipment	463,502	88,353	-	551,855
Subtotal	1,453,836	286,797	-	1,740,633
Net capital assets being depreciated	8,360,834	(275,642)	-	8,085,192
Governmental Activities				
Total Capital Assets net of Depreciation	\$ 8,365,834	\$ (275,642)	\$ -	\$ 8,090,192

Depreciation expense was not charged to activities as the District considers its assets to impact multiple activities and allocation is not practical.

NOTE 6 - RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances is as follows:

<u>Receivable Fund</u>		<u>Payable Fund</u>	<u>Amount</u>
General Fund	\$ 10,498	Other Nonmajor Govern.	\$ 10,498
Total	\$ 10,498	Total	\$ 10,498
<u>Transfer In</u>		<u>Transfer Out</u>	
Other Nonmajor Governmental		General Fund	\$ 31,719

(Continued)

BOYNE FALLS PUBLIC SCHOOL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2008

NOTE 7 - LONG-TERM DEBT

The District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge full faith and credit of the school district. Other long-term obligations include installment purchases.

Long-term debt activity can be summarized as follows:

	<u>Beginning Balance</u>	<u>Additions (Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:				
General Obligation Bonds:				
1999 Issue	\$ 415,000	\$ (200,000)	\$ 215,000	\$ 215,000
2004 Issue	2,500,000	(80,000)	2,420,000	90,000
2007 Issue	5,095,000	-	5,095,000	-
Installment purchase	55,256	(10,165)	45,091	10,590
Less: Deferred refunding cost	<u>(103,788)</u>	<u>1,988</u>	<u>(101,800)</u>	<u>-</u>
Total Governmental Activities	<u>\$ 7,961,468</u>	<u>\$ (288,177)</u>	<u>\$ 7,673,291</u>	<u>\$ 315,590</u>

Annual debt service requirements to maturity for the General Obligation Bonds and Installment Purchases are as follows:

<u>Year Ended June 30</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 315,590	\$ 327,217	\$ 642,807
2010	356,033	314,095	670,128
2011	381,494	300,581	682,075
2012	396,974	285,863	682,837
2013	405,000	270,353	675,353
2014-2018	2,335,000	1,074,145	3,409,145
2019-2023	2,930,000	517,740	3,447,740
2024	<u>655,000</u>	<u>27,775</u>	<u>682,775</u>
Total	<u>\$ 7,775,091</u>	<u>\$ 3,117,769</u>	<u>\$ 10,892,860</u>

On May 23, 2007 the District issued \$5,095,000 in general obligation bonds with an average interest rate of 4.16% to advance refund \$5,160,000 of outstanding 1999 general obligation bonds with an average interest rate of 4.66%. The net proceeds of \$5,101,264 (after payment of \$64,890 of issuance costs and receipt of \$71,152 of net original issue premium) plus an additional \$135,000 of the 1999 Debt Fund monies were used to purchase U.S. Government securities. These securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments on bonds subject to early redemption on May 1, 2009. As a result, these bonds are considered to be defeased and the liability for these bonds has been removed from the government-wide statement of net assets.

The advance refunding reduced the total debt payments over the next 17 years by \$273,781. This results in an economic gain (the difference between the present values if the debt service payments on the old and new debt ) of \$163,416.

Installment purchase: Original amount \$55,256; Purpose - purchase of school bus; Payment terms - annual installments of \$12,475 including principal and interest at the rate of 4.18% commencing on August 16, 2007 and concluding August 16, 2011.

(Continued)

BOYNE FALLS PUBLIC SCHOOL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2008

NOTE 7 - LONG-TERM DEBT - (continued)

General Obligation Bonds payable at June 30, 2008 are comprised of the following issues:

General obligation bonds:

1999 bonds due in one remaining annual installment of \$215,000 on May 1, 2009; interest rate 4.60%	\$ 215,000
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2004 bonds due in annual installments ranging from \$90,000 to \$225,000 through May 1, 2024; interest rates ranging from 3.10% to 4.70%	2,420,000
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2007 bonds due in annual installments ranging from \$230,000 to \$430,000 through May 1, 2024; interest rates ranging from 4.00% to 5.00%	5,095,000
--	-----------

Total General obligation bonds	\$ <u><u>7,730,000</u></u>
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NOTE 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the School District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District participates in SET-SEG's risk management pools for worker's compensation claims, liability insurance and errors and omissions coverages. SET-SEG was established pursuant to laws of the State of Michigan which authorize local units of government to jointly exercise any power, privilege or authority which each might exercise separately. The purpose of SET-SEG is to provide cooperative and comprehensive risk financing and risk control services. SET-SEG provides risk management, underwriting, reinsurance and claim review and processing services for all member governments pursuant to its charter.

The District makes annual contributions to SET-SEG based on actuarial studies using historical data and insurance industry statistics. These contributions are paid from the General Fund. Such contributions as received by SET-SEG are allocated between its general and member retention funds. Economic resources in SET-SEG's General Fund are expended for reinsurance coverage, claim payments and certain general and administrative costs, whereas resources in the member retention fund are used for loss payments and defense costs up to the member's self-insurance retention limits along with certain other member-specific costs. Any refunds from SET-SEG are deposited in the District's General Fund.

(Continued)

BOYNE FALLS PUBLIC SCHOOL  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2008

**NOTE 9 - DEFINED BENEFIT PENSION PLAN AND POST RETIREMENT BENEFITS**

Plan Description - The District participates in the Michigan Public School Employees' Retirement System (MPERS), a state-wide, cost sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the district. The MPERS provides retirement, survivor and disability benefits to plan members and their beneficiaries. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the MPERS at 7150 Harris Drive, P.O. Box 30673, Lansing, MI 48909-8103.

Funding Policy - Employer contributions to the MPERS result from implementing the effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The pension benefit rate totals 17.74% for the period July 1, 2007 through September 30, 2007 and 16.72% for the period October 1, 2007 through June 30, 2008 of the covered payroll to the plan. Basic plan members make no contributions, but Member Investment Plan (MIP) members contribute at rates ranging from 3% to 4.3% of gross wages. The District's contributions to the MPERS plan for the years ended June 30, 2008, 2007, and 2006 were \$240,546, \$237,321, and \$207,442.

Post Employment Benefits - Under the MPERS Act, all retirees participating in the MPERS Pension Plan have the option of continuing health, dental and vision coverage. Retirees having these coverages contribute an amount equal to the monthly cost for Part B Medicare and 10% of the monthly premium amount for the health, dental and vision coverages. Required contributions for post employment health care benefits are included as part of the District's total contribution to the MPERS pension plan discussed above.

**NOTE 10 - CONTINGENCIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

The District is a reimbursing employer to the State of Michigan Unemployment Agency and as such is responsible to pay the Agency for all benefits paid and charged to the District. As of June 30, all known liabilities for claims paid by the Agency are recorded as accounts payable.

**NOTE 11 - SUBSEQUENT EVENTS**

The District borrowed \$622,000 on a tax anticipation note from JPMorgan Chase Bank, NA, on August 20, 2008. The note is due on April 9, 2009, and bears interest at the annual rate of 2.90%.

## REQUIRED SUPPLEMENTAL INFORMATION

BOYNE FALLS PUBLIC SCHOOL  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>2008</u>	<u>2008</u>	<u>Budgetary</u>	<u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Basis</u>	<u>Over (Under)</u>
REVENUES				
Local sources	\$ 2,465,527	\$ 2,467,986	\$ 2,456,600	\$ (11,386)
State sources	104,202	145,896	137,664	(8,232)
Federal sources	76,968	90,857	80,991	(9,866)
Interdistrict sources	199,427	216,927	182,488	(34,439)
Total Revenues	<u>2,846,124</u>	<u>2,921,666</u>	<u>2,857,743</u>	<u>(63,923)</u>
EXPENDITURES				
Current:				
Instruction:				
Basic programs	1,336,398	1,398,349	1,380,041	(18,308)
Added needs	277,336	310,383	297,799	(12,584)
Support services:				
Pupil services	92,008	99,138	91,693	(7,445)
Instructional staff	152,142	133,344	124,481	(8,863)
General administration	155,072	155,391	150,480	(4,911)
School administration	206,520	204,450	202,073	(2,377)
Business	83,900	108,575	104,304	(4,271)
Operation & maintenance	294,528	299,328	295,976	(3,352)
Transportation	138,445	126,475	121,537	(4,938)
Other	-	-	21,229	21,229
Total Expenditures	<u>2,736,349</u>	<u>2,835,433</u>	<u>2,789,613</u>	<u>(45,820)</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources	-	-	-	-
Outgoing transfers & other transactions	<u>(109,775)</u>	<u>(79,125)</u>	<u>(45,030)</u>	<u>(34,095)</u>
Total Other Financing Sources (Uses)	<u>(109,775)</u>	<u>(79,125)</u>	<u>(45,030)</u>	<u>(34,095)</u>
Excess of Revenues over (under) Expenditures and Other Financing Sources (Uses)	-	7,108	23,100	15,992
Budgetary fund balance - July 1, 2007	<u>331,703</u>	<u>397,252</u>	<u>397,252</u>	<u>-</u>
Budgetary fund balance - June 30, 2008	<u>\$ 331,703</u>	<u>\$ 404,360</u>	<u>\$ 420,352</u>	<u>\$ 15,992</u>



## OTHER SUPPLEMENTAL INFORMATION

BOYNE FALLS PUBLIC SCHOOL  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2008

	Nonmajor Special Revenue Funds		Nonmajor Governmental Funds
	Food Service	Athletics	Total
<u>ASSETS</u>			
Cash and investments	\$ 30,481	\$ 10,498	\$ 40,979
Due from other governmental units	980	-	980
Due from other funds	-	-	-
Inventory	<u>2,327</u>	<u>-</u>	<u>2,327</u>
Total Assets	<u>\$ 33,788</u>	<u>\$ 10,498</u>	<u>\$ 44,286</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued salaries	-	-	-
Due to other funds	-	10,498	10,498
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>10,498</u>	<u>10,498</u>
Fund Balances:			
Reserved for inventory	2,327	-	2,327
Unreserved and undesignated	<u>31,461</u>	<u>-</u>	<u>31,461</u>
Total Fund Balance	<u>33,788</u>	<u>-</u>	<u>33,788</u>
Total Liabilities and Fund Balances	<u>\$ 33,788</u>	<u>\$ 10,498</u>	<u>\$ 44,286</u>

BOYNE FALLS PUBLIC SCHOOL  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2008

	Nonmajor Special Revenue Funds		Nonmajor Governmental Funds
	Food Service	Athletics	Total
<b>REVENUES</b>			
Local sources	\$ 51,496	10,715	\$ 62,211
State sources	5,095	-	5,095
Federal sources	89,430	-	89,430
Total Revenues	146,021	10,715	156,736
<b>EXPENDITURES:</b>			
Current operations:			
Food service	141,678	-	141,678
Athletics	-	42,434	42,434
Capital outlay	-	-	-
Intergovernmental payments	-	-	-
Total Expenditures	141,678	42,434	184,112
Excess (Deficiency) of Revenues over Expenditures	4,343	(31,719)	(27,376)
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers in (out)	-	31,719	31,719
Total Other Financing Sources (Uses)	-	31,719	31,719
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	4,343	-	4,343
Fund Balance - Beginning of Year	29,445	-	29,445
Fund Balance - End of Year	\$ 33,788	-	\$ 33,788

BOYNE FALLS PUBLIC SCHOOL  
GENERAL FUND  
COMPARATIVE DETAIL OF REVENUES AND OTHER FINANCING SOURCES  
FOR THE YEAR ENDED JUNE 30, 2008

	<u>2008</u>	<u>2007</u>
REVENUES		
Local Sources:		
Current property taxes	\$ 2,411,696	\$ 2,323,529
Earnings on investments	28,338	49,179
Miscellaneous	16,566	19,025
Total Local Sources	<u>2,456,600</u>	<u>2,391,733</u>
State Sources:		
Grants - Unrestricted:		
State Aid	38,008	55,964
Grants - Restricted:		
At risk	47,465	46,798
Special education	49,179	45,945
Other	-	3,439
Received through ISD:		
Other	3,012	7,172
Total State Sources	<u>137,664</u>	<u>159,318</u>
Federal Sources:		
Grants - Restricted:		
Received direct:		
REAP	22,513	21,773
USF	-	8,910
Received through State:		
Title I	37,460	38,450
Title II	17,443	16,601
Other grants	2,416	671
Received through ISD:		
Medicaid	714	1,098
Other grants	445	2,078
Total Federal Sources	<u>80,991</u>	<u>89,581</u>
Interdistrict Sources:		
Vocational education millage	132,329	146,189
Other	50,159	46,582
	<u>182,488</u>	<u>192,771</u>
TOTAL REVENUES	<u>2,857,743</u>	<u>2,833,403</u>
OTHER FINANCING SOURCES:		
Installment loan proceeds	-	55,256
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>55,256</u>
TOTAL REVENUE AND OTHER FINANCING SOURCES	<u>\$ 2,857,743</u>	<u>\$ 2,888,659</u>

BOYNE FALLS PUBLIC SCHOOL  
GENERAL FUND  
COMPARATIVE DETAILS OF EXPENDITURES AND OTHER FINANCING USES  
FOR THE YEAR ENDED JUNE 30, 2008

INSTRUCTION:	<u>2008</u>	<u>2007</u>
Basic Programs:		
Elementary:		
Salaries	\$ 376,428	\$ 392,822
Employee benefits	220,843	233,426
Purchased services	12,682	13,448
Supplies & materials	11,654	31,447
Other expenses	747	869
Capital outlay	-	-
	<u>622,354</u>	<u>672,012</u>
Middle School:		
Salaries	214,756	209,209
Employee benefits	113,245	88,447
Purchased services	11,329	7,790
Supplies & materials	5,752	10,552
Other expenses	35	133
	<u>345,117</u>	<u>316,131</u>
High School:		
Salaries	235,563	247,399
Employee benefits	130,208	130,314
Purchased services	8,427	6,837
Supplies & materials	25,256	10,843
Other expenses	11,611	794
Capital outlay	-	-
	<u>411,065</u>	<u>396,187</u>
Summer School:		
Salaries	1,200	300
Employee benefits	305	236
Purchased services	-	-
Supplies & materials	-	-
	<u>1,505</u>	<u>536</u>
 TOTAL BASIC PROGRAMS	 <u>1,380,041</u>	 <u>1,384,866</u>
Added Needs:		
Special Education:		
Salaries	102,262	96,131
Employee benefits	58,889	54,240
Purchased services	1,255	2,043
Supplies & materials	2,291	1,127
	<u>164,697</u>	<u>153,541</u>
Compensatory Education:		
Salaries	57,393	58,223
Employee benefits	51,696	50,244
Purchased services	2,498	220
Supplies & materials	747	909
Other expenses	-	225
	<u>112,334</u>	<u>109,821</u>

BOYNE FALLS PUBLIC SCHOOL  
GENERAL FUND  
COMPARATIVE DETAIL OF EXPENDITURES AND OTHER FINANCING USES  
FOR THE YEAR ENDED JUNE 30, 2008

INSTRUCTION:	<u>2008</u>	<u>2007</u>
Added Needs (continued)		
Career Technical Education:		
Purchased services	\$ 250	\$ 738
Supplies & materials	20,518	34,889
Capital outlay	-	-
Other expenses	-	100
	<u>20,768</u>	<u>35,727</u>
 TOTAL ADDED NEEDS	 <u>297,799</u>	 <u>299,089</u>
 TOTAL INSTRUCTION	 <u>1,677,840</u>	 <u>1,683,955</u>
 SUPPORT SERVICES:		
Support Services - Pupil:		
Guidance:		
Salaries	51,886	52,799
Employee benefits	29,110	28,193
Purchased services	25	311
Supplies & materials	4,384	1,628
Other expenses	44	203
	<u>85,449</u>	<u>83,134</u>
Other Pupil Services:		
Salaries	3,665	4,662
Employee benefits	832	1,082
Purchased services	1,747	305
Other expenses	-	-
	<u>6,244</u>	<u>6,049</u>
 TOTAL SUPPORT SERVICES - PUPIL	 <u>91,693</u>	 <u>89,183</u>
 Support Services - Instructional Staff:		
Improvement of Instruction:		
Salaries	15,300	13,775
Employee benefits	6,648	6,437
Purchased services	26,295	25,152
Supplies & materials	490	2,152
Capital outlay	-	-
Other expenses	-	332
	<u>48,733</u>	<u>47,848</u>
Library:		
Salaries	39,326	1,175
Employee benefits	20,385	1,280
Purchased services	675	97
Supplies & materials	4,543	2,204
Other expenses	50	-
	<u>64,979</u>	<u>4,756</u>

BOYNE FALLS PUBLIC SCHOOL  
GENERAL FUND  
COMPARATIVE DETAIL OF EXPENDITURES AND OTHER FINANCING USES - (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2008

	<u>2008</u>	<u>2007</u>
SUPPORT SERVICES:		
Support Services - Instructional Staff: (continued)		
Other Instructional Staff:		
Salaries	6,800	9,111
Employee benefits	3,969	5,500
Purchased services	-	-
Supplies & materials	-	-
Capital outlay	-	-
	<u>10,769</u>	<u>14,611</u>
TOTAL SUPPORT SERVICES - INSTRUCTIONAL STAFF	<u>124,481</u>	<u>67,215</u>
Support Services - General Administration:		
Board of Education:		
Salaries	2,925	3,675
Employee benefits	122	-
Purchased services	14,399	15,321
Supplies & materials	1,752	202
Other expenses	-	2,611
Capital outlay	-	-
	<u>19,198</u>	<u>21,809</u>
Executive Administration:		
Salaries	98,935	95,815
Employee benefits	27,935	-
Purchased services	2,457	3,574
Supplies & materials	271	2,491
Other expenses	1,684	1,566
Capital outlay	-	27,725
	<u>131,282</u>	<u>131,171</u>
TOTAL SUPPORT SERVICES - GENERAL ADMINISTRATION	<u>150,480</u>	<u>152,980</u>
Support Services - School Administration:		
Office of the Principal:		
Salaries	120,607	124,202
Employee benefits	72,999	66,009
Purchased services	3,924	2,320
Supplies & materials	1,930	1,623
Other expenses	2,613	2,039
Capital outlay	-	-
	<u>202,073</u>	<u>196,193</u>
TOTAL SUPPORT SERVICES - SCHOOL ADMINISTRATION	<u>202,073</u>	<u>196,193</u>
Support Services - Business:		
Other Business Services:		
Purchased services	\$ 47,672	\$ 43,800
Supplies & materials	582	475
Other expenses	56,050	37,303
	<u>104,304</u>	<u>81,578</u>
TOTAL SUPPORT SERVICES - BUSINESS	<u>104,304</u>	<u>81,578</u>

BOYNE FALLS PUBLIC SCHOOL  
GENERAL FUND  
COMPARATIVE DETAIL OF EXPENDITURES AND OTHER FINANCING USES  
FOR THE YEAR ENDED JUNE 30, 2008

	<u>2008</u>	<u>2007</u>
SUPPORT SERVICES:		
Support Services - Operation & Maintenance:		
Salaries	-	-
Employee benefits	-	1,410
Purchased services	176,524	167,132
Supplies & materials	107,668	98,722
Other expenses	629	498
Capital outlay	<u>11,155</u>	<u>-</u>
TOTAL SUPPORT SERVICES - OPERATION & MAINTENANCE	<u>295,976</u>	<u>267,762</u>
Support Services - Pupil Transportation:		
Salaries	41,947	48,637
Employee benefits	43,254	37,150
Purchased services	15,739	17,742
Supplies & materials	20,458	18,788
Other expenses	139	25
Capital outlay	<u>-</u>	<u>54,978</u>
TOTAL SUPPORT SERVICES - PUPIL TRANSPORTATION	<u>121,537</u>	<u>177,320</u>
Support Services - Information Management:		
Purchased services	10,150	236
Supplies & materials	<u>9,565</u>	<u>31,746</u>
TOTAL SUPPORT SERVICES - INFORMATION MANAGEMENT	<u>19,715</u>	<u>31,982</u>
Support Services - SPSR		
Salaries	714	-
Employee benefits	347	-
Purchased services	<u>453</u>	<u>-</u>
TOTAL SUPPORT SERVICES - SPSR	<u>1,514</u>	<u>-</u>
TOTAL SUPPORT SERVICES	<u>1,111,773</u>	<u>1,064,213</u>
TOTAL EXPENDITURES	<u>2,789,613</u>	<u>2,748,168</u>
OTHER FINANCING USES:		
Payments to other governmental units:		
Tuition	-	35,194
Other	836	7,777
Loan payments	12,475	-
Operating transfer - Special Revenue Fund	<u>31,719</u>	<u>31,971</u>
Total Other Financing Uses	<u>45,030</u>	<u>74,942</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 2,834,643</u>	<u>\$ 2,823,110</u>



BOYNE FALLS PUBLIC SCHOOL  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2008  
WITH COMPARATIVE TOTALS FOR JUNE 30, 2007

	FOOD SERVICE	ATHLETIC	2008	2007
<u>ASSETS</u>				
Cash	\$ 30,481	\$ 10,498	\$ 40,979	\$ 43,461
Due from other governmental units	980	-	980	987
Due from other funds	-	-	-	-
Inventory	2,327	-	2,327	2,870
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	\$ <u>33,788</u>	\$ <u>10,498</u>	\$ <u>44,286</u>	\$ <u>47,318</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
 LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued salaries	-	-	-	-
Due to other funds	-	10,498	10,498	17,873
Deferred revenue	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<hr/> -	<hr/> 10,498	<hr/> 10,498	<hr/> 17,873
 FUND BALANCE				
Reserved for inventory	2,327	-	2,327	2,870
Unreserved	<hr/> 31,461	<hr/> -	<hr/> 31,461	<hr/> 26,575
Total Fund Balance	<hr/> 33,788	<hr/> -	<hr/> 33,788	<hr/> 29,445
 Total Liabilities and Fund Balance	 \$ <u>33,788</u>	 \$ <u>10,498</u>	 \$ <u>44,286</u>	 \$ <u>47,318</u>

BOYNE FALLS PUBLIC SCHOOL  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2008  
WITH COMPARATIVE TOTALS FOR JUNE 30, 2007

	FOOD SERVICE	ATHLETIC	TOTALS 2008	2007
<u>REVENUES</u>				
Revenue from Local Sources:				
Food service activities	\$ 51,496	\$ -	\$ 51,496	\$ 54,176
Athletic activities	-	10,715	10,715	11,640
State aid	5,095	-	5,095	5,470
Federal aid	89,430	-	89,430	61,769
	<u>146,021</u>	<u>10,715</u>	<u>156,736</u>	<u>133,055</u>
<u>EXPENDITURES:</u>				
Food service activities	75,262	-	75,262	55,960
Athletic activities	-	15,077	15,077	8,218
Salaries	37,985	21,969	59,954	63,750
Employee benefits	28,431	5,388	33,819	35,225
Capital outlay	-	-	-	-
	<u>141,678</u>	<u>42,434</u>	<u>184,112</u>	<u>163,153</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,343	(31,719)	(27,376)	(30,098)
OTHER FINANCING SOURCES (USES)				
Operating transfer from (to) general fund	-	31,719	31,719	31,971
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	4,343	-	4,343	1,873
FUND BALANCE - BEGINNING OF YEAR	<u>29,445</u>	<u>-</u>	<u>29,445</u>	<u>27,572</u>
FUND BALANCE - END OF YEAR	<u>\$ 33,788</u>	<u>\$ -</u>	<u>\$ 33,788</u>	<u>\$ 29,445</u>

BOYNE FALLS PUBLIC SCHOOL  
TRUST AND AGENCY FUNDS  
STATEMENT OF CHANGES IN DEPOSITS HELD FOR OTHERS  
FOR THE YEAR ENDED JUNE 30, 2008

	BALANCES July 1, 2007	REVENUES	EXPENDITURES	BALANCES June 30, 2008
Class of 2006	\$ 426	\$ -	\$ 199	\$ 227
Class of 2007	547	7	500	54
Class of 2008	27,682	62,835	87,964	2,553
Class of 2009	6,123	14,163	6,692	13,594
Class of 2010	5,742	10,126	2,827	13,041
Class of 2011	(891)	8,021	3,200	3,930
Class of 2012	58	2,822	3,485	(605)
Class of 2013	41	4,354	3,668	727
Class of 2014	-	4,757	3,926	831
After-school science	500	-	-	500
Art enrichment	320	1,156	1,462	14
Baseball	(286)	2,841	2,762	(207)
Boyne Falls School pavers	1,492	50	-	1,542
Cheerleaders	(82)	82	-	-
Cross country	3,078	3,085	2,034	4,129
Girls basketball	480	2,058	1,401	1,137
Library fund	-	4,424	4,027	397
Miscellaneous	2,512	1,262	88	3,686
Music department	296	-	69	227
National honor society	45	432	-	477
MS Student council	1,389	670	35	2,024
Student assistance	-	612	-	612
Student council	2,522	3,820	2,339	4,003
Volleyball	429	-	-	429
Yearbook	2,194	6,532	4,243	4,483
American Red Cross	47	-	-	47
Field trip - elementary	2	1,588	1,417	173
Boys basketball	341	1,564	1,758	147
Office account	15	-	-	15
School store	260	-	-	260
Softball	47	-	-	47
Julius Kowalski scholarship	5,667	275	-	5,942
Jull Stewart scholarship	1,039	-	-	1,039
Interest	2,793	276	-	3,069
	<u>2,793</u>	<u>276</u>	<u>-</u>	<u>3,069</u>
Totals	\$ <u>64,828</u>	\$ <u>137,812</u>	\$ <u>134,096</u>	\$ <u>68,544</u>

BOYNE FALLS PUBLIC SCHOOL  
SCHEDULE OF OUTSTANDING BONDED INDEBTEDNESS  
JUNE 30, 2008

DATE OF ISSUE - MAY 1, 1999

Original amount of issue - \$ 6,575,000

Purpose of issue - Erecting, furnishing, and equipping a new K-12 building; acquiring, installing and equipping technology for the new K-12 building; and constructing and equipping outdoor athletic/physical education playfields and playgrounds, and developing and improving the site.

Mandatory Redemption - Bonds maturing May 1, 2021 and May 1, 2024 are term bonds subject to mandatory redemption on the redemption dates as follows:  
May 1, 2021 includes May 1, 2020 and May 1, 2024 includes May 1, 2022 and May 1, 2023. The amounts appear in the schedule below.

Early Redemption - Bonds maturing in the years 2001 through 2009 inclusive shall not be subject to redemption prior to maturity. Bonds maturing in the years 2009 and thereafter, shall be subject to redemption prior to maturity, at the option of the School District, in such order as the School District may determine and by lot within any maturity, on any interest payment date on or after May 1, 2009 at par and accrued interest to the date fixed for redemption.

On May 23, 2007 the bonds in the amount of \$5,160,000 that were subject to early redemption were defeased by the 2007 bond issue.

Interest Rate	Fiscal Year	Semi-Annual Interest Payments		Annual Maturity May 1	Total Fiscal Year Requirements
		November 1	May 1		
4.60%	2008-09	\$ 124,810	\$ 124,810	\$ 215,000	\$ 464,620
		\$ 124,810	\$ 124,810	\$ 215,000	\$ 464,620

BOYNE FALLS PUBLIC SCHOOL  
SCHEDULE OF OUTSTANDING BONDED INDEBTEDNESS  
JUNE 30, 2008

DATE OF ISSUE - July 1, 2004

Original amount of issue - \$ 2,650,000

Purpose of issue - Erecting, furnishing, and equipping additions to and partially remodeling the Boyne Falls Public School facility; acquiring, installing and equipping the facility for technology; erecting, furnishing and equipping a bus garage and a restroom/storage building; acquiring school bus(es); and developing and improving the site.

Mandatory Redemption - Bonds maturing May 1, 2020, May 1, 2022, and May 1, 2024 are term bonds subject to mandatory redemption on the redemption dates as follows: May 1, 2020 includes May 1, 2019; May 1, 2022 includes May 1, 2021; May 1, 2024 includes May 1, 2023. These amounts appear in the schedule below.

Early Redemption - Bonds maturing in the years 2006 through 2014 inclusive shall not be subject to redemption prior to maturity. Bonds maturing in the years 2015 and thereafter, shall be subject to redemption prior to maturity, at the option of the School District, in such order as the School District may determine and by lot within any maturity, on any interest payment date on or after May 1, 2014 at par and accrued interest to the date fixed for redemption.

Interest Rate	Fiscal Year	Semi-Annual Interest Payments		Annual Maturity May 1	Total Fiscal Year Requirements
		November 1	May 1		
3.10%	2008-09	\$ 51,021	\$ 51,021	\$ 90,000	\$ 192,042
3.35%	2009-10	49,627	49,626	115,000	214,253
3.55%	2010-11	47,700	47,700	125,000	220,400
3.70%	2011-12	45,481	45,482	130,000	220,963
3.85%	2012-13	43,076	43,076	135,000	221,152
4.00%	2013-14	40,477	40,478	140,000	220,955
4.10%	2014-15	37,678	37,677	140,000	215,355
4.15%	2015-16	34,807	34,808	145,000	214,615
4.25%	2016-17	31,799	31,799	150,000	213,598
4.35%	2017-18	28,611	28,611	155,000	212,222
4.50%	2018-19	25,240	25,240	160,000	210,480
4.50%	2019-20	21,640	21,640	160,000	203,280
4.60%	2020-21	18,040	18,040	165,000	201,080
4.60%	2021-22	14,245	14,245	180,000	208,490
4.70%	2022-23	10,105	10,105	205,000	225,210
4.70%	2023-24	5,288	5,287	225,000	235,575
		<u>\$ 504,835</u>	<u>\$ 504,835</u>	<u>\$ 2,420,000</u>	<u>\$ 3,429,670</u>

BOYNE FALLS PUBLIC SCHOOL  
SCHEDULE OF OUTSTANDING BONDED INDEBTEDNESS  
JUNE 30, 2008

DATE OF ISSUE - MAY 1, 2007

Original amount of issue - \$ 5,095,000

Purpose of issue - To refund a portion of the outstanding 1999 Bond issue, dated May 1, 1999, bonds which are callable on or after May 1, 2009, and are due and payable May 1, 2010 through May 1, 2019, inclusive May 1, 2021 and May 1, 2024; and paying the costs of issuing the bonds.

Optional Redemption - Bonds maturing on or after May 1, 2018, are subject to redemption prior to maturity at the option of the School District in such order as the School District may determine and by lot within any maturity, on any date occurring on or after May 1, 2017, at par and accrued interest to the date fixed for redemption.

Interest Rate	Fiscal Year	Semi-Annual Interest Payments		Annual Maturity May 1	Total Fiscal Year Requirements
		November 1	May 1		
	2008-09	\$ 106,700	\$ 106,700	\$ -	\$ 213,400
4.00%	2009-10	106,700	106,700	230,000	443,400
4.00%	2010-11	102,100	102,100	245,000	449,200
4.00%	2011-12	97,200	97,200	255,000	449,400
4.00%	2012-13	92,100	92,100	270,000	454,200
4.00%	2013-14	86,700	86,700	285,000	458,400
5.00%	2014-15	81,000	81,000	300,000	462,000
5.00%	2015-16	73,500	73,500	320,000	467,000
5.00%	2016-17	65,500	65,500	340,000	471,000
4.00%	2017-18	57,000	57,000	360,000	474,000
4.00%	2018-19	49,800	49,800	375,000	474,600
4.00%	2019-20	42,300	42,300	400,000	484,600
4.00%	2020-21	34,300	34,300	420,000	488,600
4.00%	2021-22	25,900	25,900	430,000	481,800
4.00%	2022-23	17,300	17,300	435,000	469,600
4.00%	2023-24	8,600	8,600	430,000	447,200
		<u>\$ 1,046,700</u>	<u>\$ 1,046,700</u>	<u>\$ 5,095,000</u>	<u>\$ 7,188,400</u>

## APPENDICE



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### REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Education  
Boyne Falls Public School  
Boyne Falls, MI 49713

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Boyne Falls Public School as of and for the year ended June 30, 2008, which collectively comprise Boyne Falls Public School's basic financial statements and have issued our report thereon dated September 11, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Boyne Falls Public School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Boyne Falls Public School's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



Board of Education  
Boyne Falls Public School  
Boyne Falls, MI 49713

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Boyne Falls Public School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Education, others within the entity, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Robertson & Carpenter CPAs, P.C.  
Certified Public Accountants  
September 11, 2008



Robert J. Carpenter, CPA  
Rodney C. Robertson, CPA

## ROBERTSON & CARPENTER CPAs, P.C.

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September 11, 2008

To the Board of Education  
Boyne Falls Public School  
Boyne Falls, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Boyne Falls Public School for the year ended June 30, 2008, and have issued our report thereon dated September 11, 2008. Professional standards require that we provide you with the following information related to our audit.

### Our Responsibilities under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter dated July 1, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of Boyne Falls Public School. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed test of Boyne Falls Public School's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

### Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on July 20, 2008.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Boyne Falls Public School are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2008. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was :

Management's estimate of the net book value of fixed assets is based on estimated depreciation lives. We evaluated the key factors and assumptions used to develop the depreciation lives in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated September 11, 2008.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Education and management of Boyne Falls Public School and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Robertson & Carpenter CPAs, PC  
Certified Public Accountants